

01/30/2003

1765010 - R8 SDMS

ERIC JAMES HEIL, ESQ.

TELECOPIER COVER SHEET

~~KAMAU ESCOBAR, CHUCK STELLER, PAT LEE
BILL DUFFY, MARK WALKER, CAROL RUSSELL~~TO: CAROL RUSSELLDATE: 5-1-03FAX NO: (406) 563-8269 (303) 893-1379 (303) 384-0400
(303) 751-5355 (303) 312-6897 (970) 728-5194

FROM: Eric James Heil

PHONE: (970) 967-5550

RE: CWPF PLANNING GRANT App.PAGES W/ COVER: 14

NOTES:

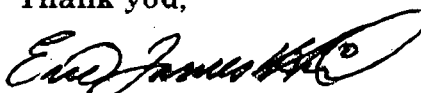
Hello everyone, attached is the Planning Grant Application I submitted to the Colorado Water Protection Fund yesterday to request funding assistance for the Town so the Town can afford to continue as an active partner in this project. I apologize for requesting letters of support after the fact. The funding would be potentially available September 30, 2003. Unless otherwise directed by the Town Board I do not intend to wait until this fall to continue with efforts, so please do not interpret the state timeframes as any intended or potential delay in working together.

I added some preliminary engineering review cost to help with preparing a redevelopment plan for the St. Louis Tunnel light industrial park which would be part of any future Brownfields Redevelopment application.

I've proposed market rate hourly amounts for the various tasks to keep it generic. While I am interested in working on this its up to Ashton and the Town Board to decide who to hire if the grant is awarded (also, who knows if I'll be around by next fall).

Please fax a letter of support to Mr. Bahman Hatami, Colorado Water Protection Fund, at (303) 866-4474 and mail **THREE** copies directly to him. I've included sample suggestions for a letter of support. All of you should have the other attachments. Please contact if you have questions or comments about this application or if you desire a hard copy of this application.

Thank you,


Eric James Heil

[Sample Letter of Support]

Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

Attn: Colorado Watershed Protection Fund

RE: Rico Remediation Partnership Project

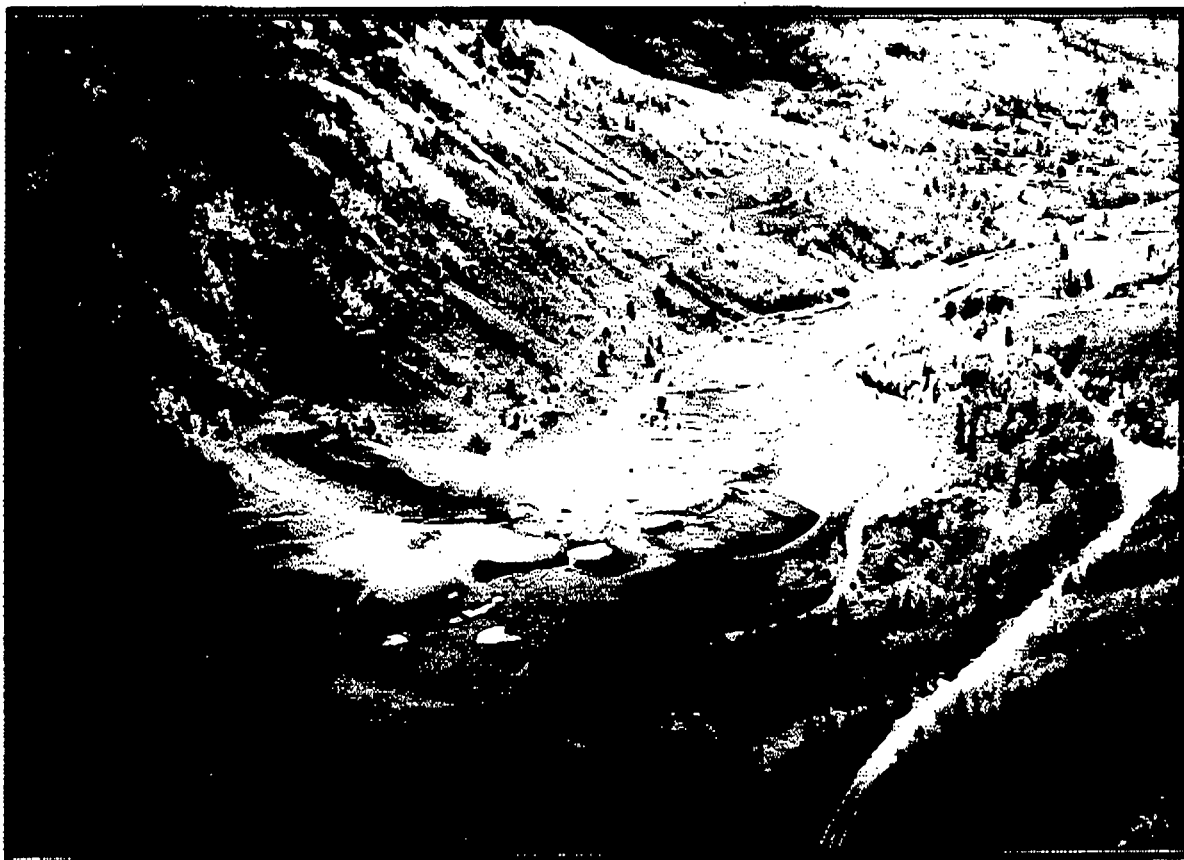
To Whom It May Concern:

[suggested points]

- Who you are
- Statement that party writing letter is supportive of Rico Remediation Partnership Project
- Brief description of past efforts to work together
- Brief description of current efforts to work together from perspective of the party submitting the letter of support
- General statement of current role and contribution towards current efforts by the party submitting letter of support
- Statement of benefit of the project
- Re-statement that party writing the letter of support is supportive of project and request that the application be reviewed favorably

RICO REMEDIATION PARTNERSHIP PROJECT

**A Colorado Watershed Protection Fund Watershed Grant Application
submitted to the
Colorado Water Conservation Board**



**Submitted by the Town of Rico
April 30th, 2003**

Contact Person:	Ashton Harrison, Rico Town Manager
Phone:	(970) 967-2863
Fax:	(970) 967-2862
E-Mail:	ricomanager@montrose.net

RICO REMEDIATION PARTNERSHIP PROJECT – WATERSHED PLANNING GRANT APPLICATION

Introduction: The Town of Rico is a historic mining community located in a remote rural area of southwest Colorado. While the last active mine closed in the late 1970's, the legacy of mining still impacts the area with abandoned mines that discharge elevated levels of suspended and dissolved metals into the Dolores River, and its tributary, Silver Creek. Some treatment of the mine discharges from the St. Louis and Blaine Tunnels occurred between the mid 1980's and 1996 by Rico Development Corporation, the major land owner of the consolidated mine land holdings. In 1996 Atlantic Richfield Company performed a voluntary clean-up project to contain exposed mine tailings piles in and adjacent to the Town of Rico. The mine discharge treatment of the St. Louis and Blaine Tunnels were discontinued and abandoned in 1996 by Rico Development Corporation. The Environmental Protection Agency filed a complaint against Rico Development Corporation for violations of the Clean Water Act, which enforcement action is still pending.

Rico Development Corporation owned substantial landholdings (1,800 acres) and sold the consolidated land holdings to Rico Renaissance in 1994. Rico Renaissance, Atlantic Richfield Company, the Colorado Department of Health and Environment, the Environmental Protection agency and the Town of Rico have been working together to promote an innovative collaborative approach to reestablish treatment of the St. Louis and Blaine Tunnel discharges, remediate discharges from other mine tailing sources, establish a comprehensive watershed management approach for the Rico basin, and promote redevelopment of St. Louis Tunnel site and other appropriate mining impacted sites.

Atlantic Richfield Company, Rico Renaissance and the Town of Rico desire to explore the formation of a non-profit corporation to own, operate and steward mine reclamation sites and promote the future redevelopment of select sites for light industrial, park, and other publicly beneficial uses.

1.0 Basic Applicant Qualifications: The three primary partners for this planning project are the Town of Rico, Atlantic Richfield Corporation and Rico Renaissance. These groups represent diverse interests which all originate from the historic mining industry of the Rico area. The Town of Rico is a small, remote community of approximately 250 that is relatively isolated. Atlantic Richfield Company is connected to the area due to acquisition of a mining company that owned mining interests in Rico. Rico Renaissance is the current owner of approximately 1,400 acres of the former consolidated Rico Argentine Mining Company land holdings. All three parties have worked together since 1995 to pursue collaborative approaches to remediate discharges from mining sites. A voluntary clean-up project completed in 1996 was performed by Atlantic Richfield Company with collaboration by Rico Renaissance as the property owner and the Town of Rico with regard to community involvement and integration into the Town's planning and land use regulation documents.

Recent planning efforts have resulted in the adoption of a new master plan whereby 65 acres of the undeveloped river corridor area owned by Rico Renaissance is proposed to be dedicated to the Town to allow river restoration projects. Atlantic Richfield Company is formulating a proposed new treatment plan for the St. Louis Tunnel discharge, and all three parties are collaborating to promote both remediation and redevelopment or reuse of various mining impacted sites.

2.0 Application Evaluation Criteria: *to be determined by CWCB*

RICO REMEDIATION PARTNERSHIP PROJECT – WATERSHED PLANNING GRANT APPLICATION

3.0 Project Proposal Summary: The Town of Rico requests grant funding to assist with planning costs related to pursuing a voluntary, cooperative partnership approach towards treatment and remediation of abandoned mine releases into the Dolores River and its tributary Silver Creek. The three partners desire to pursue the formation of a non-profit entity to own and operate a voluntary treatment system to treat effluent from the St. Louis Tunnel. The proposed non-profit corporation would be comprised of a partnership of Atlantic Richfield Company, Rico Renaissance, and the Town of Rico. In addition to treatment of the mine related discharges, the proposed non-profit would promote brownfields redevelopment of the St. Louis Tunnel area and other mining impacted sites and would promote the establishment of a watershed enhancement and restoration program for approximately two miles of the Dolores River in and near the Town of Rico.

The formation of a non-profit and creation of plans for remediation, restoration and redevelopment presents a variety of engineering, planning, legal, and community issues which must be addressed before such plans can be finalized and implementation can begin. This Planning Grant application seeks funding assistance to enable the Town to continue active participation with Atlantic Richfield Company, Rico Renaissance, the Colorado Department of Health and Environment, and Environmental Protection Agency to pursue this innovative partnership non-profit corporation approach that maximizes the improvement to water quality in the Dolores River, maximizes benefits to the local community affected by past mining activity, maximizes the efficient allocation of resources to improve the watershed in the Rico area, promotes redevelopment of select mining sites, and coordinates with community wide land planning.

Project Location: The Town of Rico on Highway 145 in southwest Colorado, approximately 28 miles south of Telluride, 40 miles north of Dolores and 50 miles north of Cortez. The project would include the major area immediately north of Town that includes a number of treatment settling ponds as well as several tailings piles located in and around the Town of Rico.

Funding Request: \$15,000.00

Local Match: \$ 5,000.00

Project Sponsor: Town of Rico, a home rule Colorado municipal corporation

Contact Person: Ashton Harrison, Town Manager
2 Commercial Street
P.O. Box 56
Rico, CO 81332

RICO REMEDIATION PARTNERSHIP PROJECT - WATERSHED PLANNING GRANT APPLICATION

4.0 General Project Description

- 4.1 Description: The east fork of the upper Dolores River runs through the Town of Rico in the east end of Dolores County.¹ The confluence of Silver Creek and the Dolores River is also in the Town of Rico. The Town of Rico is located at 8,825 feet in elevation. The project seeks funding assistance to supplement the Town's appropriations to pursue the formation of a partnership based non-profit corporation that includes the Town of Rico, Atlantic Richfield Company and Rico Renaissance. The goal of the Project is to formulate a treatment and remediation plan for the existing mine related discharges into the Dolores River, establish a plan for restoration and enhancement of the Dolores River Corridor, and establish a plan for redevelopment of select mining sites as brownfields projects. This Project will enable the Town to participate in the research of numerous legal issues associated with the formation of a non-profit entity for the stated purposes, education and involvement of the community, and planning for treatment, redevelopment and restoration activities.

Specific collaboration and goals include:

- Atlantic Richfield Corporation is preparing a plan for treatment of the St. Louis Tunnel and desires to pursue a voluntary clean-up program that allows it to construct a new treatment plant and pay for the operation costs.
- The parties desire to form a collaborative non-profit corporation that owns the property, obtains an NPDES permit for the treatment operations, provides stewardship for mining sites, promotes a river corridor restoration program, and facilitates redevelopment and reuse of select sites.
- Rico Renaissance desires to convey approximately 65 acres of land in the river corridor to the Town of Rico for flood plain damage prevention, restoration activities, and implementation of the Town's river corridor recreation plan.
- Rico Renaissance desires to convey property it owns in the St. Louis Tunnel area and provide trade properties with the Forest Service to transfer US Forest Service ownership of a portion of the treatment area to the non-profit organization.
- The Town desires to insure community involvement in the planning phases of these projects, insure that the Town understands all aspects of participation as a partner in the non-profit, promote comprehensive planning that integrates remediation, recreation and redevelopment goals, and provide on-going public support and coordination.

- 4.2 Steps, Costs, Milestones, End Product: Completion of the planning project will require (1) review of numerous liability issues associated with the Town of Rico's potential membership in a "good Samaritan" non-profit organization to treat mine effluent, (2) review of property ownership issues to establish clear title and ownership of remediation

¹ See Exhibit A: Town of Rico and Rico Area

RICO REMEDIATION PARTNERSHIP PROJECT – WATERSHED PLANNING GRANT APPLICATION

areas in the non-profit organization and review of NPDES requirements. (3) planning for a light industrial park redevelopment project and other redevelopment and site reuse projects, and (4) planning for a long term water restoration program and establishment of a watershed coordinator position.

Approximate costs to accomplish these goals are as follows: \$5,000.00/85 hours for planning of St. Louis Tunnel Redevelopment Area and draft River Corridor Restoration Plan; \$1,200.00/20 hours for community involvement (newsletters, public meetings, etc.); \$1,500/25 hours for preparing a Brownfields Redevelopment Application; \$1,500.00/25 hours for identifying funding and preparing applications for a watershed coordinator position; \$5,800.00/42 hours for legal review of liability, non-profit corporation, NPDES requirements, property ownership, financing, and development approvals for project; and, \$5,000/50 hours for engineering and map preparation. Milestones toward project completion include (1) preparation and review of all non-profit corporation documents and review of liability issues; (2) preparation of a light industrial park redevelopment plan; (3) preparation of a River Corridor restoration plan; and (4) conduct of public meetings to facilitate public education and involvement in the planning phase. The proposed project schedule would begin upon funding of the project and would be completed within one year of the start date.

The Colorado Department of Health Voluntary Clean-Up Program and the Environmental Protection Agency have been actively involved in Rico for the last 8 years. The EPA has recently completed two Brownfields Assessments for a potential light industrial park in the St. Louis Tunnel area and hotel redevelopment site near the Dolores River in the center of Rico. This project would enable the Town to continue working with CDOHE and EPA to pursue a Brownfields Redevelopment project. Public involvement would occur throughout this project through a variety of means and at a variety of levels. In addition to promoting education and involvement of the Rico community, the community involvement portion of this grant application will allow the Town to promote involvement of other interested entities, including:

- Third party landowners affected by or necessary to this project
- Dolores County (Rico is situated in Dolores County)
- Montezuma County (the Dolores River crosses into Montezuma County 5 miles south of Rico)
- Regional municipalities (the Dolores River is the drinking water source for the Town of Dolores, City of Cortez, and Town of Dove Creek)
- Dolores Water Conservancy District
- US Forest Service

4.3 Process and Timeline: This has been an on-going and evolving project for the last two years. All principal partners are actively involved and have been meeting on a monthly basis for the last year. The Town of Rico, Rico Renaissance and Atlantic Richfield Company are meeting regularly on all aspects of this project. The public would be notified by local newspaper articles and inclusion in the Town's newsletter of the process

RICO REMEDIATION PARTNERSHIP PROJECT – WATERSHED PLANNING GRANT APPLICATION

of this project once approved. Once a draft treatment plan, operation plan for the non-profit, comprehensive watershed plan, and brownfields redevelopment plan are created public worksessions, community meetings and necessary public hearings would be held.

- 4.4 Consistency with Priorities: This planning grant request is consistent with the priorities of the Colorado Watershed Protection Fund because it involves a diverse collaborative and innovative approach to achieve, (1) flood plain damage prevention, (2) remediation of mining sites, (3) restoration of 2 miles of the Dolores River corridor, (4) promotion of redevelopment and reuse of select mining sites for economic development, and (4) coordination with local, regional, state and federal governmental entities.

- 4.5 Identify Waterbody and Watercourses: *See Exhibit A*

- 4.6 General Information of Waterbody:

- A. Data regarding existing water quality: Atlantic Richfield Company, the EPA and CDOHE have conducted sampling in the past couple years. A draft Water Quality Assessment is being finalized. The draft Water Quality Assessment includes sampling data and modeling to project point source loading and combined contributions in excess of TMDLs.² As part of a Great Outdoors Colorado funded river corridor planning project a hydrologic and biologic report was prepared.³
- B. Best Management Practices: All parties are working to develop a plan that utilizes Best Management Practices.
- C. Flood Protection: The Town of Rico recently adopted new updated flood plain prevention regulations and new waterway and wetland protection regulations that establish a 100' buffer zone from the edge of wetlands and waterways. The Town of Rico and Rico Renaissance worked cooperatively to establish a new comprehensive development plan for the Rico Renaissance land holdings that integrates cluster development, dedication of 65 acres of land along the River Corridor as a green belt recreation area, and remediation/redevelopment of mining sites.
- D. Channel Stability: A goal of the project is to establish a river corridor restoration program that would include channel stabilization.
- E. Biological and Riparian: See the attached report from Corey Sue Derfus, Aqua-Hab, Inc.
- F. Habitat and Streambank Restoration: See the attached report from Corey Sue Derfus, Aqua-Hab, Inc.

² *Rico Argentine Mine Water Quality Assessment*, January 2002, funded by Atlantic Richfield Corporation, performed by Colorado Department of Health and Environment

³ *Report of Biological & Aquatic Surveys along the Dolores River Corridor at Rico January 2001*, prepared by Corey Sue Derfus, Aqua-Hab, Inc.

RICO REMEDIATION PARTNERSHIP PROJECT – WATERSHED PLANNING GRANT APPLICATION

5.0 Applicant Qualifications

- 5.1 Project Sponsor: The lead project sponsor is the Town of Rico. Other cooperators include Atlantic Richfield Company, Rico Renaissance, Colorado Department of Health and Environment and the Environmental Protection Agency.
- 5.2 Applicant's Qualifications: The Town of Rico has administered and conducted several planning projects during the last 10 years. The Town of Rico Planning Commission received a Governor's Smart Growth Award in 1996 for the adoption of the Rico Regional Master Plan in the Best Urban Design category and received a Governor's Smart Growth Award in 2000 for performing a fiscal impact analysis of regional development. Many aspects of these plans have been implemented and this planning project reflects the on-going progress towards incorporating economic development, natural resource preservation and remediation in the Rico community's overall growth management planning.
- 5.3 Local Support: The Town of Rico is supportive of this project and has sought to cooperate and facilitate cooperative voluntary approaches towards mine remediation and watershed protection. Also, see letters of support from Dolores County, Colorado Department of Health and Environment Voluntary Clean-Up Program and Environmental Protection Agency.
- 5.4 Watershed Plan: No watershed plan is yet completed. A major goal and end product of this planning project is to establish a comprehensive watershed restoration plan and program.
- 5.5 Watershed Group's History: Atlantic Richfield Company completed a voluntary clean-up project to remediate approximately six mining tailings areas in and around the Town of Rico in 1996. This project occurred with cooperation and support of Rico Renaissance, the Town of Rico, Colorado Department of Health and Environment and EPA.
- 5.6 In-Kind or Cash Contribution: The Town of Rico is committing \$5,000.00 in cash for this project. As the project sponsor, administrative time of the Town Manager to administer this grant application and the use of Town Hall meeting space, copy machine, and other office support is offered for this Project. Total In-Kind contribution is estimated at \$3,500.00 for this Project.
- 5.7 Other Sources of Funding: No other sources of funding are proposed for contribution towards this planning Project. Atlantic Richfield and Rico Renaissance have contributed significant resources and incurred significant expenditures for sampling, engineering studies, surveys, and property title review to date and desire to continue contributing resources and expenditures for their respective portions of this project. This planning Project is primarily to assist the Town of Rico to participate as a partner during this planning phase.

RICO REMEDIATION PARTNERSHIP PROJECT – WATERSHED PLANNING GRANT APPLICATION

6.0 Organizational Capacity

- 6.1 Lead Sponsor Appropriate: The Town of Rico is the appropriate lead sponsor because it is the local government entity for the Rico community. The Town of Rico is familiar with the issues related to this project and has actively worked with all relevant parties over the last 8 years on voluntary clean-up approaches for the past mining activity impacts to water quality. The County of Dolores is supportive of this project; however, the county seat is located 80 miles away in Dove Creek and Dolores County has severely limited resources. Due to the distances and budget constraints the County of Dolores is not able to act as a project sponsor.
- 6.2 Organizational Structure: The Town of Rico is a home rule municipal corporation. It has a seven member Board of Trustees who are elected by the registered voters of Rico. Nearly all residents of the Rico area reside within the Town of Rico (estimated Town population is 250, estimated population outside Town boundary but in the Rico area is less than 20). The Town has a variety of municipal revenue sources, including property tax, sales tax, lodging tax, excise tax, fees and fines. While the Town's finances are improving, Rico is still virtually a ghost town and has limited financial resources.
- 6.3 Major Accomplishments: The Town of Rico has adopted a comprehensive regional master plan for future development in and around Rico. A significant component of this Master Plan is the protection of the Dolores River Corridor and tributaries by open space designation on the Master Plan in cooperation with the major land owner, Rico Renaissance. In addition the Town has adopted progressive flood plain damage prevention regulations and wetland protection regulations with a 100' buffer zone.
- 6.4 Staffing: As part of comprehensive growth management planning, the Town approved funding for a full time Town Manager in November of 2001 and hired Ashton Harrison in January 2002 as the Town's first full time Town Manager. The Town proposes hiring outside consultants to accomplish the project goals. The Town has worked closely with Eric James Heil, an attorney and planner, and Foley Associates, an engineering and surveying firm, on this and many other projects. Utilization of community volunteers would be a significant consideration in the formulation of a comprehensive watershed protection plan.

7.0 Effectiveness of the Proposal

- 7.1 Improvement to Watershed: This project is directly related to the improvement of the Dolores River watershed in the Rico area. The intended end results of the project is to formulate a partnership voluntary approached to establish a new treatment system for mine discharges as well as creation of a comprehensive river corridor restoration plan and program.
- 7.2 Budget and Schedule: See below
- 7.3 Multi-Objective Aspects: This planning Project requires a multi-objective approach to accomplish the goals of the Rico community, Atlantic Richfield Company, and Rico Renaissance.

RICO REMEDIATION PARTNERSHIP PROJECT – WATERSHED PLANNING GRANT APPLICATION

8.0 Evaluation and Monitoring Plan

All aspects of evaluation and monitoring would be an integral component of the remediation plan and watershed restoration plan.

9.0 Budget

Rico Remediation Planning Project

Watershed Planning Budget – 2003

Expenses	Budgeted Amount	Hourly Cost	Estimated Hours
Planning River Corridor Restoration Plan and St. Louis Tunnel Redevelopment Area	\$ 5,000.00	\$ 60.00	83
Community involvement (newsletters, meetings)	\$ 1,200.00	\$ 60.00	20
Prepare Brownfields Redevelopment Application	\$ 1,500.00	\$ 60.00	25
Prepare Watershed Project and Coordinator Funding Applications	\$ 1,500.00	\$ 60.00	25
Review of legal issues (non-profit, property, NPDES permit, etc)	\$ 5,800.00	\$ 140.00	41
Preliminary Engineering Review and Cost Estimate for Redevelopment	\$ 5,000.00	\$ 100.00	50
Total	\$ 20,000.00		

Funding Sources

Town of Rico	\$ 5,000.00
Colorado Watershed Protection Fund	\$ 15,000.00
Total	\$ 20,000.00

Rico Remediation Planning Project

Watershed Planning Schedule – 2003

Date	Event
September 30, 2003	Grant Award Decision
October, 2003	Begin project, describe project and schedule to public and all interested parties
November 2003 thru February, 2004	Review and finalize all non-profit documents, apply for NPDES permit, prepare draft watershed protection plan, prepare redevelopment plan, prepare brownfields applications, begin public education, pursue local government approvals
March, 2004	Conduct public meetings on plans, submit 6 month progress report
April thru August, 2004	Revise plans to incorporate public comments, conduct further public meetings and public hearings, prepare watershed restoration plan funding applications
September, 2004	Finalize plans, submit final report

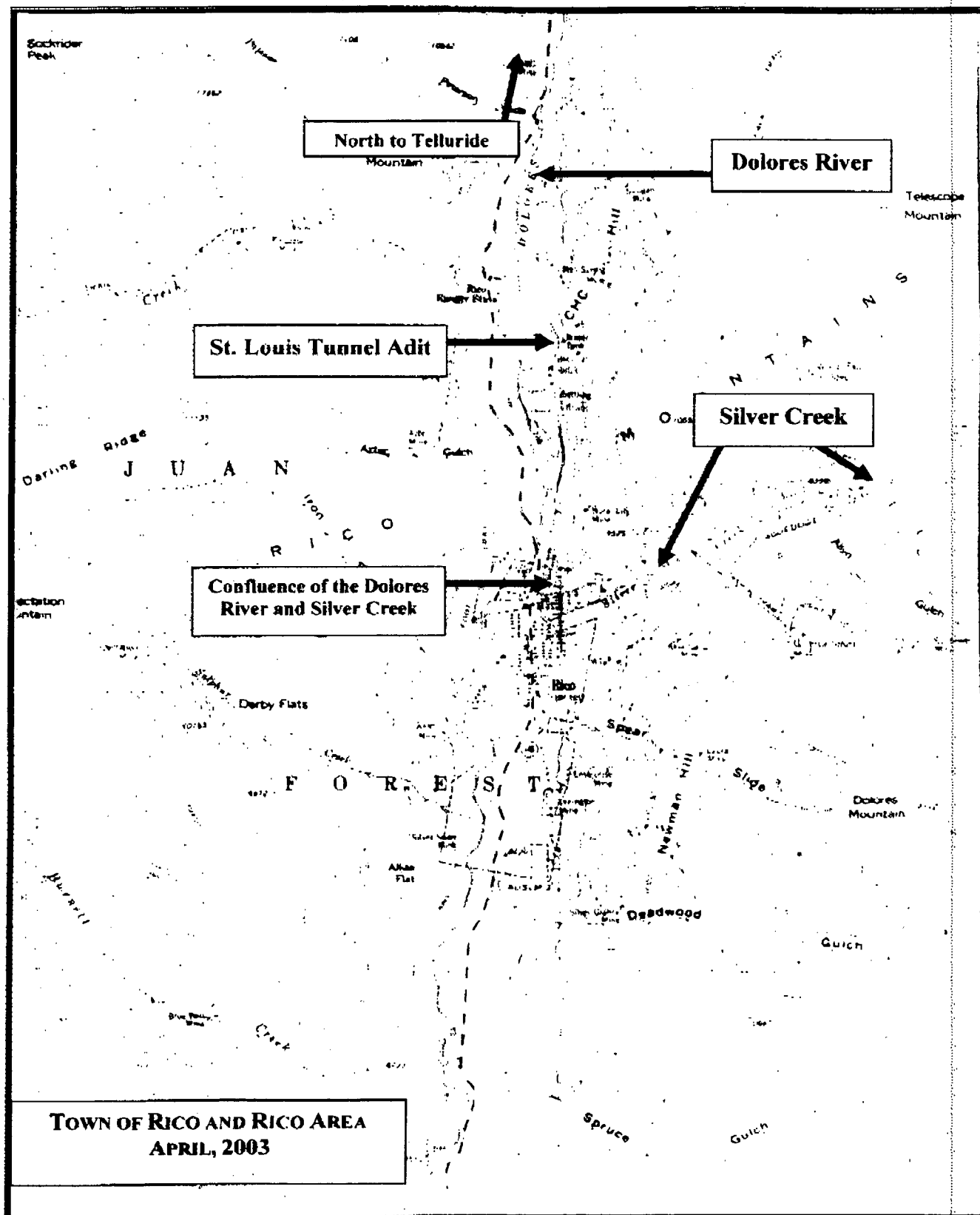
RICO REMEDIATION PARTNERSHIP PROJECT – WATERSHED PLANNING GRANT APPLICATION

10.0 Attachments

- Exhibit A: Town of Rico and Rico Area
- Letter of Support from Dolores County
- Letter of Support from Atlantic Richfield Corporation
- Letter of Support from Rico Renaissance
- Letter of Support from Colorado Department of Health and Environment
- Letter of Support from Environmental Protection Agency
- Ownership Map of St. Louis Tunnel remediation and redevelopment area
- Draft Remediation and Redevelopment Map of St. Louis Tunnel area
- Rico Argentine Mine Water Quality Assessment, January 2002, funded by Atlantic Richfield Corporation, performed by Colorado Department of Health and Environment
- Report of Biological & Aquatic Surveys along the Dolores River Corridor at Rico January 2001, prepared by Corey Sue Derfus; Aqua-Hab, Inc.

RICO REMEDIATION PARTNERSHIP PROJECT – WATERSHED PLANNING GRANT APPLICATION

Exhibit A: Town of Rico and Rico Area





Board of County Commissioners

P O Box 608
Dove Creek, CO 81324

Phone: (970) 677 2383 Fax: (970) 677-2815

April 21, 2003

Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver Colorado 80203

RE: Town of Rico Watershed Protection Fund Grant Application

To Whom It May Concern:

Dolores County is very supportive of the Town of Rico's Watershed Protection Fund Grant Application. The Town has actively worked with Atlantic Richfield Company, Rico Renaissance and Rico Properties, the Colorado Department of Health and the Environmental Protection Agency to pursue and encourage a cooperative voluntary approach for treatment and remediation of mining related contamination.

Past mining activity is a significant source of recorded water quality violation in the upper Dolores River basin. The Dolores River is the drinking water source for many communities in both Dolores and Montezuma County. The Board of County Commissioners strongly feels that compliance with state and federal water quality standards in the Rico area is important for regional public interests. We support Rico's pursuit of innovative cooperative approaches towards a partnership voluntary clean-up of the mine related discharges into Dolores River.

The Board of County Commissioners of Dolores County encourages a favorable review of the Town of Rico's grant application.

Sincerely

LeRoy Gore
Chairman